

Common AML Deficiencies Identified during On-Site Examinations

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Anti-Money Laundering
Hong Kong Monetary Authority

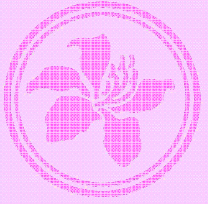


HONG KONG MONETARY AUTHORITY

FATF • GAFI
FINANCIAL ACTION TASK FORCE

20 Years
of the
FATF Recommendations

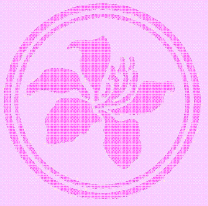
THIRD MUTUAL EVALUATION REPORT
ANTI-MONEY LAUNDERING AND
COMBATING THE FINANCING OF TERRORISM
HONG KONG, CHINA



Our Advantage



- **Reduced risk of serious crime and terrorism**
- **Better reputation as a good and safe place to do business**
- **Contribution to global and national fair play**
- **Recovery of proceeds of crime**



Keep Up to Date

the NCCT process

no longer exists



Public Statement – Counter Measures

- Iran
- Democratic People's Republic of Korea (DPRK)

Public Statement – Strategic Deficiencies

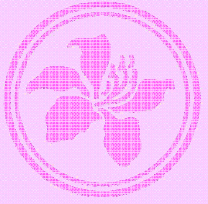
- Cuba
- Bolivia
- Ethiopia
- Kenya
- Myanmar
- Nigeria
- São Tomé and Príncipe
- Sri Lanka
- Syria
- Turkey

Improving Global Compliance

- | | |
|-----------------------|-----------------------|
| • Algeria | • Namibia |
| • Angola | • Nepal |
| • Antigua and Barbuda | • Nicaragua |
| • Argentina | • Paraguay |
| • Bangladesh | • Philippines |
| • Brunei Darussalam | • Sudan |
| • Cambodia | • Tajikistan |
| • Ecuador | • Turkmenistan |
| • Honduras | • Trinidad and Tobago |
| • Kyrgyzstan | • Venezuela |
| • Mongolia | • Vietnam |
| • Morocco | • Yemen |
| | • Zimbabwe |

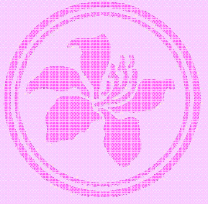
Jurisdiction not making sufficient progress

- | | |
|-------------|------------|
| • Ghana | • Tanzania |
| • Indonesia | • Thailand |
| • Pakistan | |



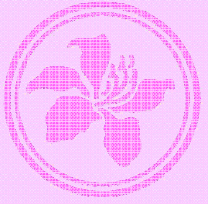
Give consideration to
offshore accounts



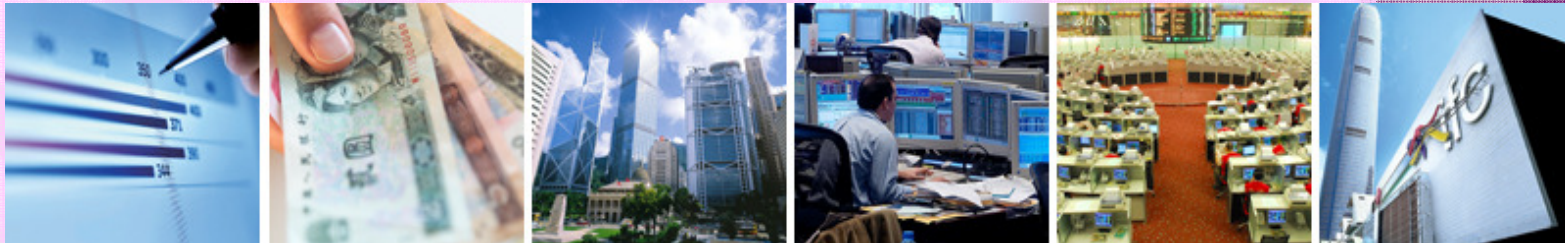


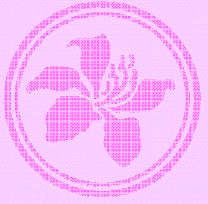
Law Enforcement Requests

- All local records maintained
- Appropriate personnel
- Screening
- Onshore & offshore booked accounts
- Ensure proper actions both on and offshore
- *Expectation - Policy and procedures*



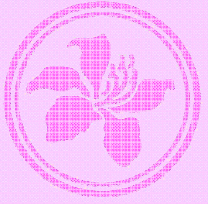
*Know what the SFC alert
list is*
and use it!





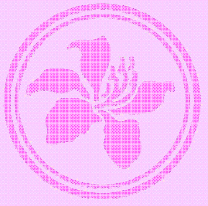
consent is only a word –
**NOT a risk
assessment**



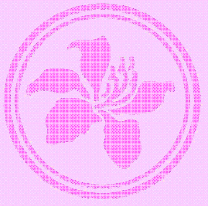


Undue Reliance on 'Consent'

- **Not a Clean Bill of Health**
- **Not an indication that there is no risk**
- **Appropriate review expected, irrespective of JFIU feedback**
- **Take appropriate action to mitigate**
- **Expectation of Audit Trail**
- ***Continued operation without above
= not acceptable***

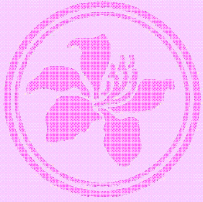


What Risk?



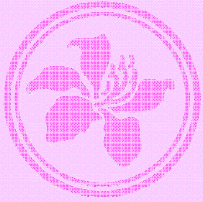
Large Cash **Deposits &** **Withdrawals**



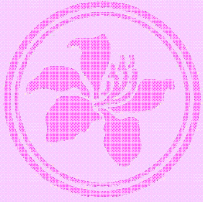


Cash Transaction Risks

- = Red Flag
- Commensurate with Customer
- Deposits and withdrawals
- Outflow of cash can = high risk
- Front-line staff
- Monitoring of past transactions
- Expectation – KYC + Audit Trail



*Ensure your system is
populated with **meaningful**
information that accurately
describes the customer
.....and his activities*

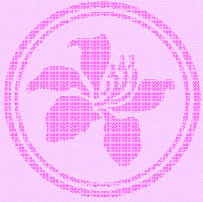


Section 25A(1)



Where a person knows or suspects.....he shall, as soon as it is reasonable for him to do so disclose that knowledge or suspicion,.....

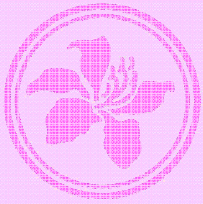
together with any matter on which that knowledge or suspicion is based.....



Our AML Regime



- **Reduced risk of serious crime and terrorism**
- **Better reputation as a good and safe place to do business**
- **Contribution to global and national fair play**



Thank You

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